

§ 247.2 Governing law.

Except as otherwise provided by statute or this part, the regulations governing checks drawn on the United States or on designated depositaries of the United States (e.g., 31 CFR parts 235, 240, 245, and 248) are inapplicable to FedSelect checks. As to definitions and other matters not specifically covered in this part, FedSelect checks are governed by Regulation J of the Board of Governors of the Federal Reserve System, 12 CFR part 210 ("Regulation J"), Regulation CC of the Board of Governors of the Federal Reserve System, 12 CFR part 229 ("Regulation CC"), and to the extent not otherwise inconsistent with this part, with Regulation J, and with Regulation CC, FedSelect checks will be governed by the Uniform Commercial Code, as adopted by Illinois ("UCC"), as all three may from time to time be revised. Such matters include, but are not limited to, rules regarding general presentment and transfer warranties, indorsement, and final payment.

§ 247.3 Definitions.

For the purpose of this part:

Agency means a department, agency, or instrumentality in the executive branch of the United States Government.

Bank means an entity described in Regulation CC of the Federal Reserve System, 12 CFR 229.2(e), as may be amended from time to time.

Department means the United States Department of the Treasury.

FedSelect check means a check drawn upon a Reserve Bank with the designation "FedSelect" printed on the check.

Payee means the person to whom a FedSelect check is payable.

Payor Reserve Bank means the Reserve Bank on which a FedSelect check is drawn.

Presenting bank means a bank which sends a FedSelect check directly to a Reserve Bank for payment or collection.

Reserve Bank or Federal Reserve Bank means any one of the twelve Federal Reserve Banks.

§ 247.4 Federal Reserve Banks.

(a) Where FedSelect checks are issued on Reserve Bank check stock

and drawn on the payor Reserve Bank in its banking capacity, the payor Reserve Bank shall perform certain functions as fiscal agent of the United States in the issuing, processing and final payment of FedSelect checks. A payor Reserve Bank shall act as fiscal agent of the United States on FedSelect checks only when authorized to do so by a Memorandum of Understanding between the Financial Management Service, U.S. Department of the Treasury (FMS), and the payor Reserve Bank.

(b) As authorized by a Memorandum of Understanding between a payor Reserve Bank and the FMS and in accordance with this part, the payor Reserve Bank shall settle with a presenting bank for the amount specified in a FedSelect check upon presentment of the FedSelect check through normal banking channels. Each payor Reserve Bank may issue operating circulars, letters or bulletins not inconsistent with this part governing details of its handling of payments under this part.

§ 247.5 Federal agencies and termination of services.

(a) Agencies may issue FedSelect checks in payment for United States obligations.

(b) Issuance of a FedSelect check by an agency in payment of an obligation shall constitute an agreement between the issuing agency and the FMS. The issuing agency shall adhere to the terms of the agreement, including those relating to fees for services provided by the FMS, as expressed in this part and in the Treasury Financial Manual, Volume I, Part 4, Chapter 3500 (I TFM 4-3500), entitled "Issuance Of FedSelect Checks By Federal Agencies."

(c) In addition to the provisions of this part, agencies issuing FedSelect checks shall adhere to instructions, contained in I TFM 4-3500, regarding items such as procedures for opening and closing FedSelect accounts with the FMS, procedures for the adjustment of agency FedSelect accounts where losses are the responsibility of the agency, procedures for the adjustment of agency FedSelect accounts in

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cases of termination of FedSelect services by the FMS, and performance requirements in the issuance of FedSelect checks.

(d) When an agency fails to adhere to the provisions of this part or to the instructions contained in I TFM 4-3500, the FMS, at its discretion, may terminate the services of FedSelect checks. The FMS shall provide the agency with prior notification of the date on which services will be terminated.

§ 247.6 Banks.

(a) A bank's acceptance of a FedSelect check issued pursuant to this part shall constitute its agreement to the provisions of this part.

(b) Each bank by its action of handling a FedSelect check shall be deemed to warrant to the Federal Government that it has handled the FedSelect check in accordance with the requirements of this part.

§ 247.7 Certification and internal agency control.

(a) A FedSelect check is not a check drawn on the United States Treasury. However, where the drawer of a FedSelect check is the United States, the requirements and procedures for disbursing and certifying activities under 31 U.S.C. 3321, 3527 and 3528 apply to agency accountable officers issuing FedSelect checks.

(b) FedSelect checks shall be drawn by an individual who is duly authorized by the agency, and shall be certified by a certifying officer.

(c) When an agency issues a FedSelect check in payment of a United States obligation, such agency certifies the issuance of the payment contemporaneous to the issuance of the FedSelect check. Therefore, where FedSelect checks are issued through an automated system, certification occurs through the on-line data transfer between the agency issuing a FedSelect check and the FMS.

(d) Agencies shall ensure that there are proper internal controls over the issuance of FedSelect checks, including payment authorization, check issuance, and reconciliations. Payment authorization is the process by which vouchers or invoices are approved for payment by individuals designated to

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do so by the head of the agency, or their designees. Check issuance is the physical issuance of a FedSelect check in payment of a duly approved voucher or invoice. Reconciliation is the process by which amounts authorized for payment are verified against amounts of checks issued.

§ 247.8 Presentment.

(a) Presentment of FedSelect checks must be made to the payor Reserve Bank. FedSelect checks must be presented through normal banking channels.

(b) FedSelect checks will have a standard period of payability of 90 days.

(c) FedSelect checks shall bear a pre-printed legend, "Void After 90 Days."

(d) When an outstanding FedSelect check reaches its stale-date, a cancellation indicator will be placed against it and its status reflected as cancelled due to stale-dating. A payor Reserve Bank will return unpaid a FedSelect check negotiated to the depository bank more than the number of days stated on the FedSelect check after the date on which the FedSelect check was issued. A FedSelect check which has reached its stale-date before being negotiated to a depository bank should be marked "void" on the face of the check and sent to the issuing agency or the FMS. The issuance of another FedSelect check or other form of payment, to replace a lost, stolen, or destroyed FedSelect check must be made in accordance with § 247.9.

§ 247.9 Notice, non-receipt, theft, loss or destruction; late presentment.

(a) If an agency has notice that a FedSelect check is not received by the payee within a reasonable time after a payment is due, or that a FedSelect check is lost, stolen or destroyed, the agency must request to the FMS that a stop payment order be placed on that item. The notice may be given by telephone or facsimile, but if it is given by telephone, such notice must be confirmed in writing before another payment is issued. The notification must contain sufficient information to identify the account and/or the obligation to which the payment is related. Payment on a FedSelect check is stopped